36.43.47

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

DOCUMENTS DEPT
DEPOSITORY

HP-47

October 12, 1933

WORLD HOG AND PORK PROSPECTS

Summary

An advance in hog prices occurred during September in both the United States and Europe. Reduced slaughter supplies were largely responsible for the price rise in this country. Prices of pork were steady to higher on both domestic and foreign markets during the month. Lard prices were sharply higher in Germany in September, but in the United States and Great Britain prices weakened slightly.

Inspected hog slaughter in the United States during the 1932-33 marketing year totaled 47,103,000 head, not including pigs and sows purchased on government account. This was the largest slaughter for any year since 1928-29. Because of the relatively large number of pigs purchased under the emergency pig buying program of the Federal Government, a material reduction in commercial hog slaughter during the first half of the present marketing year appears probable.

British bacon imports in September were larger than in August, but they were well under those of a year earlier. The status of the quota on bacon and ham imports into the United Kingdom remains unsettled, although shipments from some countries apparently are now being made on the basis of a further reduction in the quota. This reduction was originally scheduled to become effective September 15.

United States exports of both pork and lard during August were slightly smaller than in July, but they were larger than in August 1932. Total lard exports for the first 11 months of the 1932-33 marketing year were 2 percent larger and pork exports were 6 percent larger than in corresponding months in 1931-32.

United States

A material reduction in slaughter supplies and seasonably cooler weather resulted in a sharp advance in hog prices during September. The top price of hogs at Chicago during early October of $5.55 was the highest price paid at that market thus far in 1933, and it has not been exceeded since October 1931. Prices of all weights of butcher hogs and packing sows advanced during September, but prices of light and medium weight hogs are still relatively high as compared with prices of other kinds of hogs. The average price of hogs at Chicago in September was $4.24 per 100 pounds compared with $3.97 in August and $4.00 in September, 1932.

Inspected slaughter of hogs during September totaling 3,038,000 head was 12.6 percent smaller than in August and 3.6 percent smaller than the record September slaughter last year. Slaughter during September this year, however, was the fourth largest for the month on record. For the first time since March slaughter under Federal inspection was smaller than in the corresponding month a year earlier. Slaughter under Federal inspection during the 5 months May to September, the marketing season for the fall pig crop, totaled 19,341,000 head, which represented an increase of 18.8 percent over that period last year. Slaughter during the May to September period this year was the second largest for those months on record, and it constituted the second largest proportion of the total marketing year slaughter on record.

Inspected slaughter during the marketing year which ended September 30, 1933 amounted to 47,103,000 head, the largest for any year since 1928-29. The increase over 1931-32 was about 448,000 head or 1 percent. The average live weight of hogs slaughtered in the 1932-33 marketing year was about 2 percent larger than in 1931-32, and as a result the increase in the total live weight of hogs slaughtered under Federal inspection was relatively greater than the increase in the number of head slaughtered.

The emergency program inaugurated by the Department of Agriculture in late August to reduce hog marketings during the 1933-34 marketing year was terminated September 29, 1933. Under this program approximately 6,200,000 pigs weighing less than 100 pounds and about 200,000 sows due to farrow this fall and weighing in excess of 240 pounds were purchased for slaughter. Only a small proportion of this slaughter was used for the production of edible products, and these products are not entering the regular distribution channels.

Corn prices averaged lower in September than in August. The average price of No. 3 Yellow corn at Chicago for the month was 47.5 cents per bushel compared with 51 cents in August and 30 cents in September 1932. Based on farm prices as of the 15th of the month, the hog-corn price ratio in the North Central or Corn Belt States was 9.2 in September, while in August it was 8.9, and in September last year, 15.6. The relationship between hog prices and corn prices has been relatively unfavorable for hog production since early in the summer.

The June Pig Report indicated a large increase in the number of sows to farrow in the fall season of 1933, but developments since June 1 indicate a material change in fall farrowing plans from those indicated at that time. Drought over widespread areas resulted in a marked reduction in the 1933 corn crop, which is about 20 percent smaller than the 1932 crop and is the third smallest in at least 35 years. The relationship between hog prices and corn

prices, as indicated in the preceding paragraph has been unfavorable for hog production since June. From July 1932 to April 1933 the hog-corn price ratio was relatively high. The unfavorable relationship between hog prices and corn prices which has prevailed during the summer, together with the purchase of about 200,000 pregnant sows under emergency production control program is likely to result in little if any increase in the 1933 fall pig crop over that of 1932, with a decrease not improbable.

Wholesale prices of fresh pork advanced during most of September. Cured pork prices and lard prices were steady to lower during the month. The composite wholesale price of hog products at New York was $11.65 per 100 pounds in September compared with $11.39 in August and $11.80 in September, 1932.

Exports of both pork and lard during August were slightly smaller than in July. Pork exports, however, were considerably larger than in August 1932 and lard exports were slightly larger. Total lard exports for the first 11 months of the 1932-33 marketing year were 2 percent larger and pork exports were 6 percent larger than in the corresponding months of 1931-32. The increase in exports, however, has been relatively much less than the increase in hog slaughter during this period.

Exports of hams and shoulders and also bacon in August were materially larger than in the corresponding month last year. Shipments of hams and shoulders amounting to 7,531,000 pounds were more than 80 percent larger than a year earlier, but they were about 20 percent less than in July. These cuts are exported chiefly to the United Kingdom. Bacon exports in August totaling 1,841,000 pounds were about 200,000 pounds larger than in July and about 800,000 pounds larger than in August last year. Sweden, Cuba, the United Kingdom and Italy were the principal importers of bacon during the month in the order named. United States exports of bacon are still relatively small compared with shipments prior to 1931.

Exports of lard during August amounted to 36,195,000 pounds. Shipments to the United Kingdom during the month totaling 21,277,000 were about 9 percent smaller than in July, but they were more than 40 percent larger than in August 1932. Lard exports to Germany in August of 4,425,000 pounds were about 2,000,000 pounds greater than in the preceding month, but they were less than half as large as in August last year. The marked decrease in shipments of lard to Germany in recent months compared with a year ago is largely a reflection of the sharp increases in German import duty on lard since January of this year.

With respect to probable domestic slaughter supplies during the coming fall and winter, the following statement appeared in the September issue of this publication: "The marketing season for the spring pig crop is largely from October to April, inclusive. Based on the estimates of the spring pig crop as of last June, inspected slaughter from October 1933 to April 1934 normally would have been expected to show a slight increase over that of the same period a year earlier. However, because of present emergency program of buying spring pigs, a reduction in hog slaughter during these months of about 10 percent seems probable." Since this statement was prepared the number of pigs purchased on government account was increased from about 4,000,000 to

approximately 6,200,000. As a consequence the decrease in slaughter during the October to April period probably will be larger than that indicated in the September issue. The following paragraphs taken from a statement on the "United States Hog Situation" recently issued by this Bureau indicate briefly the situation as to prospective hog marketings.

"By far the greater part of the decrease in inspected hog slaughter from October 1, 1933 to May 1, 1934 from that of the same period a year earlier is expected to occur after January 1. How this reduction will take place, however, will depend upon hog producers' reactions to the unusual situation prevailing and upon what action, if any, is taken by the Hog Production Control Administration to penalize heavy weight hogs. Very few of the pigs bought for government account would have been slaughtered until after January 1, and these purchases have made little change in the supply that would otherwise have been slaughtered from October 1 to January 1."

"In view of the sharp curtailment in slaughter supplies of hogs for the 7 months (October 1, 1933 to May 1, 1934) a rather substantial advance in hog prices during this period seems certain. When this advance will take place, and its extent, will depend considerably on how the marketings of the remainder of the spring pig crop will be distributed."

Canada

There was a decline in bacon hog prices at Toronto between the beginning and end of September, in Canadian currency, but when converted to American dollars the reverse is shown due to the depreciation in the United States currency. In the western provinces the price in Canadian currency remained fairly steady. The price of bacon hogs at Toronto for the week ended September 28, in American dollars, was $6.69 per 100 pounds compared with $6.66 for the first week of the month. The average for the 4 weeks ended September 28 was $6.62 compared with $6.23 for the month of August and $4.61 for September a year ago.

Comparatively heavy receipts during the month seemed to indicate that the usual autumn liquidation period had arrived according to the Canadian Government Livestock Report for September 28. Marketings at all stockyards and packing plants of Canada for the week ended September 28, amounted to 203,000 head compared with 179,000 head for the same period last year. From the beginning of the year to September 28 marketings amounted to 2,290,000 head, a decrease of 1 percent compared with the unusually heavy supplies last year.

Official estimates of hog numbers on June 1, 1933 are now available for the three Prairie Provinces, and they show a falling-off in hog numbers in all three provinces, the total being only 1,865,000 head a decrease of 21 percent as compared with 1932. The number in each of the three provinces on June 1, 1933, with percentage of last year in parentheses, is given as follows: Alberta, 954,000 (85.3) Saskatchewan 649,000 (72.2) and Manitoba 262,000 (77.5) During 1932 these three provinces produced 1,781,000 of the 3,180,000 hogs marketed in Canada that year, or 56 percent. During the first 9 months of the current year 1,173,000 hogs have been marketed in the packing plants or

stockyards of these three provinces or 4 percent less than in the corresponding period last year. The number graded as "selects", the quality suitable for the British market, was 117,000 head, an increase of 4 percent above the same period last year. There was also an increase in the number graded as bacon hogs of about 4 percent, the number being 393,000 head. Of the total number graded as selects in Canada a little less than a third were graded in the three Prairie Provinces. This is the part of Canada where practically all of the feed grains in Canada, not now used for feeding livestock, are produced, and the hog industry in these provinces is considered capable of considerable further expansion.

Bacon exports to the United Kingdom continued large during August. For the 8 months ended August 31, total exports of bacon and hams from Canada amounted to 45,000,000 pounds, 97 percent of which went to the United Kingdom. Last year for the same period only 26,000,000 pounds were exported, 84 percent of which went to the United Kingdom. Exports of pork, other than bacon and hams, for the same period was only about one half as large as the quantity exported last year, the total amounting to only 4,279,000 pounds.

United Kingdom

The further reduction of 12 percent in the British quota on imports of bacon and hams from non-Empire sources, which was scheduled to become effective September 15, was not at that time supported by most of the exporting countries involved. Shipments of bacon and hams to Great Britain throughout September apparently were made on the basis of the quota prevailing prior to September 15. According to cabled advices from Agricultural Attache E. A. Foley at London, Denmark will probably agree to ship bacon to the United Kingdom during October on the basis of the reduced quota. Conferences of the representatives of the various countries supplying the British market with bacon and hams and the British Government probably will be held to determine the basic quota which will prevail after November 1.

The advance in bacon prices on British markets during August was maintained through September. The average price of Danish Wiltshire sides at Liverpool for the month was $18.44 per 100 pounds compared with $17.09 in August, and it was highest average in dollars for any month since September 1930. Prices of Canadian green sides also advanced during September, the average price for the month of $16.14 was higher than for any other recent month. Part of the increase in bacon prices in September compared with August was due to the depreciation of the dollar in terms of sterling, but prices in British currency also averaged higher.

The advance in prices occurred despite the fact that receipts of bacon into the United Kingdom from foreign sources were larger in September than in August. Total bacon imports during August into the United Kingdom amounted to 83,361,000 pounds, which represented a decrease of about 5 percent from shipments in July and a reduction of 30 percent from August 1932. Imports of bacon from Denmark in August totaled 53,152,000 pounds, which was about the same as in July and represented 63 percent of the total British bacon imports during the month.

Prices of hams on British markets advanced during August, and the rise was partially maintained in September. The average price of American short cut green hams at Liverpool in September was $15.36 per 100 pounds compared with $14.84 in August and $11.86 in the corresponding month of 1932. Ham imports into the United Kingdom during August, amounting to 8,489,000 pounds, were sharply reduced from July and were slightly smaller than in August last year. The United States is the principal source of British ham imports, although in recent months shipments from Canada have been of increasing importance.

British lard prices in terms of United States currency were steady to slightly lower compared with August, but in terms of sterling prices declined somewhat. The average price of American refined lard at Liverpool (importer to wholesaler quotations) was $7.62 per 100 pounds in September, while in August it was $7.83 and in September last year it was $7.58. Imports of lard into the United Kingdom in August totaled 31,403,000 pounds, which was 9.5 percent larger than in July and about 90 percent greater than in August 1932.

Supplies of British and Irish pork on London central markets during September, amounting to 6,055,000 pounds, were about twice as large as in August, but they were about 22 percent smaller than in September last year. Most of the increase during the month over August apparently was usual for this time of the year. Supplies of pork on the Smithfield market during September were also larger than in August and larger than in the corresponding month last year.

Denmark

Bacon exports from Denmark totaled 52,165,000 pounds during August, which represented a reduction of about 5 percent from July and a decrease of nearly 20 percent from August 1932. Danish bacon exports in August were the smallest since June 1930. During the period since November 1932, when restriction on bacon imports into the British market became effective, exports of bacon have been reduced to a level about 20 percent below that of the corresponding months a year earlier.

Hog production in Denmark apparently had begun to decline before restrictions were placed on imports of bacon into Great Britain, the chief market for Danish hog products. The British restrictions to imports however, have resulted in further decline in hog production in Denmark. Total hog numbers in mid-July were about 10 percent smaller than a year earlier and 20 percent less than those in July 1931, when numbers were the largest on record. Even with this reduction, numbers apparently were too large for the reduced export outlet. In order to facilitate further adjustment of hog numbers to the smaller export outlet, the Danish Government has instituted a program for hog production control. This plan was put into effect in July of this year, and details concerning it appeared in the August issue of this publication. Further information concerning the Danish program will appear in forthcoming issues.

Germany

Lard prices in Germany advanced sharply during September. The average price of lard at Hamburg duty unpaid, was $13.17 per 100 pounds in September compared with $11.67 in August and $8.19 in September a year ago. Part of the advance during the month was due to a further depreciation in dollar exchange, but prices in terms of reichmarks also advanced. The price during September was the highest monthly average in dollars since November 1930. Lard imports into Germany during August were the smallest for any month in recent years. The very high German import duty on lard of 100 reichsmarks per 100 kilograms (about $16.50 per 100 pounds at the prevailing exchange quotations) has greatly restricted imports of lard into Germany during recent months.

Hog prices in Germany advanced during September both in terms of marks and in terms of dollars. The average price of heavy hogs at Berlin was $13.96 per 100 pounds compared with $11.78 and it was also the highest monthly average in terms of dollars since November 1930. Receipts of hogs at 14 markets during the first 3 weeks of September were larger than in that period during August, but marketings were about the same as in September last year. Slaughter of hogs at 36 centers in Germany during August totaled 344,000 head, which was about 4 percent larger than in July, but was about the same as in August, 1932. Slaughter during other recent months has been running considerably below that of a year earlier.

According to a recent report from Consul Schnare at Hamburg, a new process or method of lard production has been introduced in Germany. This new process involves the treating of hog fats with a solvent, frequently gasoline. It was indicated that this new process makes possible a substantial increase in lard production in Germany. Under the new method, a larger proportion of hogs produced would be utilized for lard production. It follows, therefore, that the proportion of hog production used as pork would be reduced. Further details concerning this new method of lard production will appear in an early issue of this publication.

Hogs and pork products: Indices of foreign supplies and demand

Country and item	Unit	Oct.-Aug. 1909-10 to 1913-14 average	1924-25 to 1928-29 average	1929-30	1930-31	1931-32	1932-33
UNITED KINGDOM:							
Supplies, domestic fresh pork, London	1000 pounds		49,475	55,142	64,092	84,674	68,385
Imports-							
Bacon-							
Denmark	"	225,518	461,397	561,561	746,576	816,313	644,413
Irish F.State	"		48,947	39,776	27,288	24,634	18,821
United States	"	169,355	97,473	58,122	23,703	7,555	5,269
Canada	"	38,920	70,388	14,174	2,592	20,233	34,660
Others	"	39,755	150,552	205,796	311,146	306,545	327,975
Total	"	473,548	828,757	879,229	1,112,550	1,178,590	1,031,140
Ham, total	"	89,072	117,992	109,322	85,771	84,287	90,535
Lard, total	"	198,095	248,359	262,871	288,733	251,556	278,097
DENMARK:							
Exports-							
Bacon	"		458,299	556,102	740,620	809,236	660,089
CANADA:							
Slaughter-							
Hogs, inspected	1000's	1,558	2,395	1,951	1,785	2,611	2,548
GERMANY:							
Production-							
Hog receipts							
14 cities	"		2,953	3,045	3,336	3,203	2,854
Hog slaughter							
36 centers	"	a/ 4,061	3,677	3,949	4,546	4,432	3,878
Imports-	1000						
Bacon, total	pounds	a/ 2,411	15,481	15,918	22,333	42,061	27,388
Lard, total	"	a/181,568	200,678	190,461	150,600	211,106	186,768
UNITED STATES:							
Slaughter-							
Hogs, inspected	1000's	29,749	42,700	42,769	40,604	45,404	44,066
Exports-							
Bacon-	1000						
United Kingdom	pounds	120,385	60,011	46,642	19,563	5,925	2,622
Germany	"	1,371	10,481	5,847	587	1,320	1,241
Cuba	"	7,421	18,955	14,810	9,296	6,270	3,876
Total	"	163,915	129,010	104,198	38,420	19,048	15,752
Hams, shoulders							
United Kingdom	"	130,542	132,172	96,352	69,531	47,908	61,768
Total	"	151,831	157,357	118,696	84,305	60,979	70,608
Lard-							
United Kingdom	"	157,933	210,059	228,315	248,991	216,641	255,281
Germany	"	126,440	172,290	155,571	90,086	141,399	125,438
Cuba	"	34,883	73,969	71,559	40,811	29,408	10,068
Netherlands	"	33,382	57,210	41,344	21,678	31,992	33,843
Total	"	430,446	664,435	710,015	515,611	506,365	517,515

a/ Four-year average only.

Hogs and pork products: Foreign and domestic average prices per 100 pounds for the month indicated, and stocks at the end of each month

Item	1909-1913 average	1925-1929 average	Aug. 1932	July 1933	Aug. 1933
	Dollars	Dollars	Dollars	Dollars	Dollars
Prices -					
Hogs, Chicago, basis packers' and shippers' quotations	8.00	11.04	4.21	4.41	3.97
Corn, Chicago, No. 3 Yellow ...	1.25	1.76	.57	1.00	.91
Hogs, heavy, Berlin, live weight	12.31	17.11	9.42	10.29	11.78
Potatoes, Breslau feeding	.33	.62	.31	.53	.42
Barley, Leipzig ...	1.72	2.11	1.67	2.22	2.10
Lard -					
Chicago	10.89	15.42	7.00	7.53	6.65
Liverpool	12.10	1.558	7.54	8.78	7.83
Hamburg	19.33	16.17	8.05	12.73	11.67
Cured pork -					
Liverpool -					
American short cut green hams	15.70	26.49	11.93	16.44	14.84
American green bellies		22.18	8.16	12.50	12.05
Danish Wiltshire sides	16.60	26.06	10.88	15.63	17.09
Canadian green sides	15.67	23.28	a/	11.49	13.85
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Stocks -					
United States -					
Processed pork b/		674,941	578,876	807,855	753,134
Lard in cold storage		158,190	100,527	218,267	224,207

a/ No quotation. b/ Dry salt cured and in process of cure; pickled, cured and in process of cure, and frozen.

------ 0 ------

UNIVERSITY OF FLORIDA
3 1262 08865 0402